

The Effects of Brand Experiences_Adilla

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2 The Effects of Brand Experiences, Satisfaction and Trust on Building Brand Loyalty; an Empirical Research on Global Laptop Brands

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ABSTRACT

Objective – This study aims to show the effect of brand experience, satisfaction, and trust on consumer's brand loyalty, specifically on global laptop brands. Consumers look for brands that provide them with unique and memorable experiences. From the customer viewpoint, brands are relationship builders. Consumers believe that brand experiences are one of the factors that build long-lasting brands and customer relationships, together with brand trust, satisfaction, and loyalty.

Methodology/Technique – In total, 150 respondents from private universities were selected as the sample for this study due to the high possibility of them using similar types of laptop brands. The quantitative data gathered from the survey method was analyzed using the regression analysis method.

Findings – Findings can also be utilized by marketing experts to develop effective branding strategies for the laptop and also for the laptop producers in general, to make them increase their laptop's quality in order to enhance their consumers' experiences, satisfaction, trust, and loyalty to their brand.

Novelty – The respondents of the study are students from three different private universities in Jakarta who use or own laptops. In total, 150 respondents from private universities were selected as the sample for this study due to the high possibility of them using similar types of laptop brands.

Type of Paper: Empirical

Keywords: Brand Experience; Brand Trust; Brand Satisfaction; Brand Loyalty; Laptop Brands.

JEL Classification: D10.

1. Introduction

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During the last decade, there has been a growing realization that brands are one of the firms' most valuable intangible assets and businesses have put branding as their main priority (Keller and Ailawadi, 2004; Horppu, Kulva Lainen, Tarkiainen and Ellonen, 2008). Nowadays, to differentiate and to stay competitive in the market, businesses build a strong brand as their marketing tool (Keller and Ailawadi, 2004; Armstrong, Kotler, Harker and Brennan, 2009). The definition of branding is "to create, maintain, protect and enhance a product's brand" (Kotler, Armstrong, Harker and Brennan, 2009). "A brand can also be perceived as a name, term, sign, symbol

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or a combination of these, that identifies the uniqueness of the maker or seller” (Kotler et al., 2009; Armstrong et al., 2009).

Besides having a strong brand, a company also needs to ensure that its business can survive competition in the long run. Therefore, it is essential to build a long-term relationship with the customers since it can provide loyal customers as well as expand the customer base. The businesses are aiming for the so-called customer-brand relationship as a form of long-term customer relationship, which is defined as the relationship between the brand and the customer. Brand experiences, brand satisfaction and brand trust are three factors that have become more important during the last decade as the customer-brand relationship is dependent on these factors (Borden, 2009; Sahin, Zehir and Kitapci, 2011).

Consumers now wish for a more compelling experience, which means that the traditional brand marketing method would no longer be suitable as it mostly appeals only to functional links with consumers (Schmitt, 1999). Schmitt (1999) indicated that experiential marketing has proved itself to be a good starting point for studies on consumer-brand relationships. Franzen (1999) stated that consumer experience and brand knowledge or brand meanings form the consumer-brand relationship. Another study by Keller (2001) also suggests a consumers-brand relationship as the final step in building brand equity. A consumer's experiences can directly form brand meanings and the successful establishment of these brand meanings would build the consumer-brand relationship. Previous studies have focused more on emotional experience (e.g., Babin, Darden and Griffin, 1994; Mano and Oliver, 1993; C.Yoo, Park and Macnnis, 1998) or related experiences (e.g., Muniz and Guinn, 2001) whereas this study is focusing on building consumer-brand relationships from the brand experiential viewpoint.

The main aim of this study is to test a general framework for building a consumer-brand relationship from an experiential view; to investigate how brand experience, brand satisfaction and brand trust affect brand loyalty in the laptop market, as well as how brand experience affects both brand satisfaction and brand trust.

2. Literature Review

2.1 Brand

A brand is used to identify the source of the product in the form of a name or symbol. According to the American Marketing Association (2007), a brand is intended to identify one seller's goods or services and to differentiate it from those of competitors, either by name, term, sign, symbol or design, or a mix of these. A brand in legal terms is called a trademark. “A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name” (American Marketing Association, 2007).

Aaker (1991) and Keller (1998) also characterized brands as a noticeable name or symbol that can differentiate the goods and services from the rivals. “A brand is a name in every consumer's mind” (Mooji, 1998). Brand has also been given different definitions by different researchers and different writers with respect to the various aspects of brands such as the concept of brand equity (Keller, 1993; Aaker, 1996), brand personality (Aaker, 1997), etc.

Perceptions towards brands are developed when the consumers decide which products to purchase and make preferences of products. Consumers would be aware of the presence of the brand and more likely to buy the company's products and services if the company has a successful branding (Doyle, 1999).

2.2 Brand Experience

Not much research has focused on experiences provided by brands, instead most of them focused on utilitarian product attributes and category experiences. Brand experience can be conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity which is conveyed through packaging, communications, and environments of the brand itself

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(Brakus, Schmitt and Zarantenello, 2009). Consumers have their own moment of encounter with the brand that created their perception, such as perception towards the advertising that projected the brand images, perception during the initial personal contact, or perception of how the quality of personal treatment is given. All of these perception 1 can be considered as the brand experiences (Alloza, 2008).

Brand experience conceptualization and scale development are crucial as they can help companies to manage the brand trust and establish brand loyalty (Brakus et al., 2009). Brand experience can be either positive or negative and can be either short-lived or long-lasting. Consumer satisfaction, brand loyalty, and brand trust can be affected positively by brand experience (Zarantenello and Schmitt, 2000; Ha and Perks, 2005).

2.3 Brand Satisfaction

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Satisfaction 1 has been found to lead to a “long-term combination of relationships” (Gladstein, 1984; Anderson and Narus, 1990). In an ongoing relationship, the level to which the consumer views the brand as a satisfactory partner is defined as brand relationship quality; brand relationship quality is consumers’ overall assessment of how 1 long their relationship with the brand is (Algesheimer, Rene, Dholakia, Uptal, Herrmann, and Andreas et al., 2005).

Although satisfaction is essential, it does not necessarily lead to loyalty (Agustin and Singh, 2005). Satisfaction is among the antecedents of brand loyalty, in which the growth in brand loyalty would result from the increases in satisfaction (Bennett, 2001; Bolton, 1998; Jones and Suh, 2000; Ringham, Johnson, & Spreng, 1994; Bennett et al., 2005). According to He, Li and Harris (2012), satisfaction occurs when a brand’s performance meets the purchaser’s expectations. When the performance fails to meet the expectations, dissatisfaction occurs resulting from a negative disconfirmation (Patterson, Johnson and Spreng, 1997).

2.4 Brand Trust

1
Trust 1 is built when consumers believe 1 feel confident that the seller is reliable to deliver services that have been promised. In addition to trust, relational value is built when consumers enjoyed greater benefits compared to the cost they incurred in maintaining an ongoing exchange relationship (Agustin & Singh, 2005). A brand’s credibility may reinforce consumers’ trust in the brand being purchased, which may as well reinforce the repeat buying behavior (Amine, 1998).

Brand has its own stated function and the fact that the average consumers are willing to rely on t 1 brand’s ability to perform that function, is referred to as having brand trust (Chaudhuri & Holbrook, 2001). To build a strong consumer-brand relationship, trust is necessary (Fournier, 1998; Urban, Sultan, and Qualls, 2000), because it has a positive link to brand loyalty (Lau and Lee, 1999). Consumers’ expectations regarding the organizational behavior and the products’ performance represented by a brand become a base for consumers to build trust in that brand by having positive beliefs (Ashley & Leonard, 2009) that their expectations would match the actual result. According to Chiou and Droge (2006), trust represents the cumulative effects over time on loyalty, especially in high-involvement, high-service product markets. The brand experience in both product and service aspects offered by the brand’s provider has become the field of trust in this present study without focusing on specific attributes.

2.5 Brand Loyalty

Consumers may buy a particular brand out of habit without really thinking about why they do so. They may continually purchase 1 preferred brand simply because it is a prominently stocked or frequently promoted brand. According to Hofmeyr and Rice (2000), when consumers purchase a brand repeatedly without attachment, it is then called behavioral loyalty. When consumers purchase a brand repeatedly and start having attachment with the brand, the consumers are then referred to as both behaviorally and attitudinally loyal.

Consumers have their own preferred choice of a brand which creates the loyalty towards buying or using that specific brand of product. Consumer brand loyalty is what makes brands worth millions or billions of dollars.

The consumer-brand relationship is crucial in developing brand loyalty (e.g., Fournier, 1994; 1998; Ching and Chang, 2006). Brand experiences could contribute to the increase in profitability of the brand and could also result in brand loyalty and active brand referral (Morrison & Crane, 2007)

It can be inferred that brand loyalty is experienced differently by consumers and that brand managers are being given an enormous task to make sure that the experience meets the target market's needs. If the target market needs are met, it will assist the company to realize how brand loyalty benefited them, such as minimization of the new customer acquisition costs, company sustainability and profitability (Burgess & Harris, 1998).

Therefore, it can be hypothesized that:

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H1: Brand experience has a significant positive effect on brand satisfaction.

H2: Brand experience has a significant positive effect on brand trust.

H3: Brand satisfaction has a significant positive effect on brand loyalty.

H4: Brand trust has a significant positive effect on brand loyalty.

H5: Brand experience has a significant positive effect on brand loyalty.

3. Research Methodology

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There are 3 main objectives of the study. The first objective is to examine the impact of brand experience on brand satisfaction and brand trust. The second objective is to examine the impact of brand experience, brand satisfaction and brand trust on brand loyalty. Lastly, the third objective is to examine which factor among brand experience, brand satisfaction and brand trust has the strongest impact on brand loyalty.

2
The units of analysis in this study were university students who use or own laptops. The students from universities were selected as the samples of this study due to the high possibility of them using similar types of laptop brands. Being in the same city of domicile leads to a higher possibility of similar access to laptop brands and similar purchasing behavior.

In this study, the author employed the sampling method of non-probability sampling, which is convenience sampling. In convenience sampling, the sampling participants are chosen because of their availability and readiness (Cooper & Schindler, 2008). The number of survey respondents targeted for this research was 150 respondents. Prior to the full-scale survey, a wording pre-test was also conducted involving 10 respondents. This was to ensure that the questionnaire prepared by the author was feasible to distribute or if it needed to be modified again. Another pre-test involving 30 respondents was also conducted by asking respondents to fill in the questionnaire to check the reliability and validity of the questions. The researcher used Cronbach's alpha and confirmatory factorial analysis (CFA) to test the reliability and validity of the questions measuring each variable. The method to test the hypotheses was using simple linear regression analysis and multiple linear regression analysis.

4. Findings and Discussion

4.1 Regression Analysis

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Simple linear regression analysis was used to measure the influence of (H1) Brand Experience on Brand Satisfaction, and (H2) Brand Experience on Brand Trust. Multiple linear regression was used to measure the influence of (H3) Brand Satisfaction on Brand Loyalty, (H4) Brand Trust on Brand Loyalty, and (H5) Brand Experience on Brand Loyalty.

The results from simple linear regression analysis toward H1 and H2 show the significance level of 0.000 meaning that brand experience has a significant positive effect on brand satisfaction, and also brand experience has a significant positive effect on brand trust. Hence, H1 and H2 are supported. Based on the R-square result,

it indicates that 39.5% for H1 and 49.4% for H2 of the total variation in the dependent variable can be explained by its linear relationship with the independent variable.

The result from multiple linear regression analysis of H3, H4 and H5 show the significance level is lower than $\alpha = 0.05$ meaning that Brand Satisfaction has a significantly positive effect on Brand Loyalty. Meanwhile, it is also shown that Brand Trust has a significant positive effect on Brand Loyalty, and also Brand experience has a significant positive effect on Brand Loyalty. Hence, H3, H4 and H5 are supported. Based on the R-square result, it indicates that 51.2% of the total variation in the dependent variable can be explained by its linear relationship with the independent variable.

4.2 Discussion

Brand experience is proven to have a significantly positive effect on brand satisfaction. The researchers declared satisfaction as an evaluation emerging from the experience with a product or services and found that based on positive experiences and relationships, a customer is satisfied with the perceived performance of the brand. The findings are aligned with Ha and Perks (2005) which proposed that consumers show strong satisfaction associated with their experiences or purchases when they have had impressive and experiences.

Brand experience is proven to have a significantly positive effect on brand trust. The more experience a consumer gains with a brand, the better the consumer understands the brand and grows to trust it more. The experience, either positive or negative, improves the consumer's ability to predict the performance of the brand. The findings are aligned with research on channel relationships (Scanzoni, 1979; Dwyer, Schurr and Oh, 1987) which have shown that the increase in experience with a channel partner would lead to an increase in the likelihood of passing through shakeout periods in the relationship, as the experiences provide both parties with a greater understanding of each other.

Brand Satisfaction, Brand Trust and Brand Experience are all proven to have a significantly positive effect on brand loyalty. The more the satisfaction, trust and positive experience consumers gain, the more likely they will become loyal to the brand; conversely, the less the satisfaction, trust and positive experiences gained, the lower the level of consumers' loyalty to the brand. Customer satisfaction leads to a positive increase in their attitude regarding any object (Oliver, 1980) which further strengthen the consumer's level of repurchase intentions (Parasuraman and Grewal, 2000). Since trust creates highly valued exchange relationships, brand trust leads to brand loyalty or commitment (Morgan and Hunt, 1994; Chaudhuri and Holbrook, 2001).

Brand Satisfaction is found to have the strongest significant effect on Brand Loyalty, followed by Brand Trust and Brand Experiences. What prior researchers (Sahin et al., 2011) have discovered is that brand experience is the foundation for creating brand loyalty and that brand experience is used by the other variables as a base. However, what is essential to increase loyalty and the consumer-brand relationship is Brand Satisfaction and Brand Trust since they are the basis for returning customer (Hong-Youl & Perks, 2005; Sahin et al., 2011).

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